

## State Procurement Office

### Workshop

# The Basics of Procuring Health and Human Services

Pursuant to Chapter 103F, HRS

December 1, 2005

January 11, 2006

## About the State Procurement Office

- Chapter 103D, HRS – The Procurement Code (goods services and construction)
- Chapter 103F, HRS – Purchases of Health and Human Services (This workshop)
- Inventory Management & Excess Property
- Surplus Property
- Administrator: Aaron Fujioka

## What is Procurement?

According to the Dictionary

- To get by special effort; obtain or acquire: managed to procure a pass.
- To bring about; effect: procure a solution to a knotty problem.
- To obtain (a sexual partner) for another.
- The purchasing, leasing, renting, or selling of materials, services, equipment, or construction (as for a government agency)
- The act of getting possession of something; "he was responsible for the procurement of materials and supplies"



"You busy?"

## Why Do We Procure? Why are there so many rules?

- We represent the government
  - Taxpayer funds (it's not your money)-  
Accountability  
Fiscal Responsibility
  - Taxpayer funds- (it is your money-in part)  
Is this how you want your tax dollars spent?

## Procurement Guiding Principles

- **Competitive**  
As much competition as possible.  
Inclusive.
- **Fair and open process**  
Everyone knows about it and has access.  
Transparent - nothing hidden.
- **Best value**  
You get what you pay for.  
It is a good price.

## How Does it All Fit?

The state has two statutes governing how state agencies make purchases:

- Chapter 103D, HRS  
The Procurement Code
- Chapter 103F, HRS  
Purchases of Health and Human Services

## The Procurement Statutes

<b>Chapter 103D, HRS</b>	<b>Chapter 103F, HRS</b>
The Procurement Code	Purchases of Health and Human Services
Goods, services (except health & human services) and construction.	Health and human services.
Applies to state and county agencies.	Applies to state agencies. (As of this past spring optional for counties.)

## The Application of 103F

### What Are Health and Human Services?

Services to communities, families, or individuals which are intended to maintain or improve health or social well-being through methods including, but not limited to:

- a) Assessment, treatment, diagnosis, prevention and education services provided directly to a target clientele; or
- b) Insurance coverage for assessment, treatment, diagnosis, prevention and education services provided directly to a target clientele.

## How do I know if a Procurement is Subject to 103F, HRS?

1. The procurement must be for services (as opposed to goods.)
2. The service must be intended to maintain or improve health or social well-being and may include assessment, treatment, diagnosis, prevention or educational services.
3. The service is to be provided **directly to a targeted clientele.**

## Purpose of 103F, HRS

- To improve the State's process of disbursing funds for health and human services by providing a single public procurement process for both the state and providers to use.
- To optimize information sharing, planning, and service delivery efforts. Limited resources can be used more efficiently and cost effectively, thereby allowing more time and attention on planning and delivery of services.

## Purpose of 103F

- A Single Process
  - Consistency & Fairness
  - Transparency
- Optimize Resources
  - Best value
    - Share information –Work together
    - No duplication or waste
    - Collaboration is a good thing (collusion is not.)

## Administrative Rules Chapters 3-140 to 3-149

3-140	Definitions
3-141	General Provisions
3-142	Planning
3-143 to 3-147	Chapters on each method of procurement
3-148	Protests and Requests for Reconsideration
3-149	Contracting

## Proposed Changes to the Administrative Rules

- Public Hearing was conducted November 30, 2005.
- To Procurement Policy Board for final approval.
- Must be filed with Lt. Governor's office.
- Ten days after filing, they become effective.
- Copies of the proposed administrative rule changes are on the SPO website. See your handout.

## Terms You Should Know

- **Chief Procurement Officer (CPO):** those officials designated by section 103D-203, HRS.
  - Dept. of Education: Superintendent  
Patricia Hamamoto
  - Judiciary: Administrative Director of the Courts  
Thomas Kellar
  - Executive Branch: State Procurement Office  
Administrator  
Aaron Fujioka

## Terms You Should Know (continued)

- **Administrator:** the administrator of the State Procurement Office.
- **Contract:** all types of agreements, regardless of what they may be called.
- **Procurement officer:** any person with delegated authority from the head of a purchasing agency, the chief procurement officer, or a designee of either, to enter into and administer contracts, and to make written determinations with respect thereto.



## Terms You Should Know (continued)

- **Public funds:** funds from any combination of federal, state, and local government sources.
- **Unit of service:** a measurable unit of service activity, productivity, or performance as determined by the purchasing agency, including but not limited to:
  - a) A unit of time, such as an hour of counseling, or a residential day;
  - b) The completion of prescribed procedure, such as a client evaluation; or
  - c) Any other measurable unit of service.

## Chapter 103F has five methods of procurement

- Competitive (RFP)
- Restrictive (Sole Source)
- Treatment
- Small Purchase  
(beware of parceling)
- Crisis  
(the client's, not yours)

## Competitive Purchase of Service Request for Proposals (RFP)

- Solicitation of proposals to select providers and award funds for the delivery of health and human services.
- Public notice required.
- Term of contract: as stated in the request for proposals.
- Method of procurement to be used most often.

## Restrictive Purchase of Service (Sole Source)

- Bases include, but are not limited to:
  - Need for a service in a geographic area available from only one provider.
  - Need for a service with a unique cultural approach designed for a limited target group available from only one provider.
  - Only one provider satisfies limitations imposed by funding source.
- Term Limit of Contract: not to exceed 2 years.
- Approval required: head of purchasing agency makes a written determination. Chief procurement officer approves the determination in writing.

## Restrictive Purchase of Service

continued

- It's a **quantity** issue, not a quality issue.
- If the provider is "the best" or "best suited," that is quality, it should be procured competitively- it is **NOT** a restrictive.
- The provider is the "only one" that can perform the service, that **IS** a quantity issue.
- Justification/documentation must be provided.

## List of Restrictive Purchase of Services Awards

<http://www.spo.hawaii.gov>

Click on:

... 'Health and Human Services...'

... 'Awards'

- Includes all requests for restrictive purchases for executive branch.
- Purchasing agency, status, provider, total funds, and contract term.
- From FY 2003, a copy of the request is also on the website.

## Treatment Method of Procurement

- For health and social work professional services
- May be needed *from time to time*,
- Includes but not limited to medical treatment, counseling, physical, occupational and other therapeutic services, and referral and case management for those services.

## Treatment Method of Procurement (*Bases for Use*)

- Such services may become necessary from time to time, but cannot be anticipated accurately on an annual or biennial basis;
- Delaying treatment until the procurement process and contract formation can be completed would render the problem needing treatment worse than at the time of diagnosis or assessment.

## Treatment

### *(Procedure: Solicitation)*

Before the beginning of each fiscal year, a public notice issued by the State Procurement Office is published (newspaper and the Procurement Notices System website) describing the types of treatment services that may be periodically needed throughout the year and inviting providers to submit current statements of qualifications to the office of the administrator.

## Treatment

### *(Procedure: Evaluation & Selection)*

- Committees of at least 3 qualified employees evaluate submissions and other pertinent information and a list of all qualified applicants is prepared.
- When the need to purchase arises, the head of the purchasing agency selects most qualified provider and a contract is negotiated. If negotiations fail, another provider is selected from the list.

## Treatment List of Qualified Private Providers

including

Information on how to get on the Treatment List

<http://www.spo.hawaii.gov>

Click on:

... 'Health & Human Services...'

... 'Provider Lists'

... 'Treatment List of Qualified Private Providers'

## Small Purchases of Services

- Services less than \$25,000
- In accordance with requirements and rules for small purchases. Generally, this means obtaining 3 quotes.
- Parceling is not permitted.
- Monetary Cap: less than \$25,000
- Dividing the purchase of same, like or related services into service purchases of smaller quantities, to evade the statutory competition purchase of service requirements is not allowed.

## Crisis Purchase of Services

- Services for crises seriously threatening life, health or safety; are not already available, and needed immediately.
- Both of the following must be met:
  - The crisis results from domestic violence, physical or mental illness or injury, homelessness, etc. and results in a serious threat to life, health and safety.
  - The crisis generates an immediate and serious need for health or human services that cannot be met by any other purchasing agency that provides health and human services, or under other provisions of Chapter 103F.

## Requests for Information

- Recommendation: Purchasing agency should conduct at least one RFI before each RFP. Conduct 2 RFI's if it is a new service or if modifying the service or configuration of services.
- Description of the information being sought.
- Procedure for responding.

## Requests for Information

*(continued)*

- Statement that participation is optional and is not required to respond to a subsequent request for proposals.
- Statement that the purchasing agency reserves the right to incorporate or not incorporate any recommendations presented in the response to the request.
- Statement that neither the purchasing agency nor the interested party responding has any obligation under the request for information.

## Competitive Purchase of Service Biennium Timeline

- Issued by SPO after consultation with state agency personnel, providers and interested community members.
- Occurs once a biennium.
- Intended to bring consistency for RFPs that are issued at that time of year.



## RFP Templates

- **(Regular) RFP Template**
  - For most procurements
- **Short-Form RFP Template**
  - When the service is clearly defined and
  - Award is based on:
    - meeting minimum qualifications, and
    - price

## RFP Template

Section	
	Cover letter
	Mail-in and delivery information
1	Administrative Overview
2	Service Specifications
3	Proposal Application Instructions
4	Proposal Evaluation
5	Attachments
	Proposal Application Checklist

## Protests and Requests for Reconsideration

- Only 2 methods of procurement may be protested:
  - Competitive (RFP)
  - Restrictive (Sole Source)
- Basis for Protests
  - Failure to follow Chapter 103F, HRS
  - Failure to follow Ch. 103F Administrative Rules
  - Failure to follow the RFP
  - Forms and instructions are on the SPO website.

## Contracting

Can negotiate for a more advantageous contract for the state. What is negotiable:

- Contractual terms and conditions not specifically discussed in the request for proposals (RFP); and
- Contractual terms and conditions which are substantially the same/do not constitute a **material change to the proposal**.

## Contract Templates

- 6 templates: 1 for each method of procurement and one for exempt procurements.
- Each template has the same general conditions.
- The general conditions are located at:  
<http://www.spo.hawaii.gov>  
... 'Health & Human Services'  
... 'What's on this Site'  
... 'Contracting'

## Contracts Database Reporting System (CDRS)

- Online reporting as contracts are executed/amended replaces the annual reporting- streamlines reporting.
- Reports are more timely and accurate.
- Good method of keeping track of your contracts.
- Used for planning/collaboration.

## What Must be Reported on the CDRS

- All forms of agreements:  
Formal contracts, MOAs, MOUs, POs
- All methods of procurement: Competitive  
Restrictive, Treatment, Crisis, Small  
purchases
- Purchases of Health and Human services  
Exempt From Chapter 103F, HRS

## Deadlines for Reporting on the CDRS

Data	Deadline
New contracts, MOAs, etc.	5 working days of execution
Purchase Orders	5 working days of issuance
Amendments	5 working days of execution
Funds Actually expended	60 days of close of fiscal year and 90 days of contract expiration
Major Accomplishments	90 days of contract expiration

**The Health and Human Services  
Contracts Database Reporting  
System Handbook**  
is a step-by-step manual.  
**Download and USE it!**  
It will save you time.

**Procurement Notices System (PNS)  
and the RFP website (RFPW)**

- You must post the RFP notice on the PNS.
- The RFP must be posted on the RFPW.
- There are step-by-step manuals for each on the SPO website. Download and use them!

## SPO Website

<http://www.spo.hawaii.gov>

Click on:

... 'Health & Human Services'

**For current solicitations:**

... 'Procurement Notices'

**For health & human service RFPs :**

... 'RFPs'

**Contracts Database (CDRS)**

... 'Awards'

... 'Contracts Database'

## State Procurement Office

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## The End

## Thanks for Coming!

Questions? Contact us:

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